

## **SECTION D**

### **REDUCING FUTURE CHALLENGES RISK**

The third element of the Department's formal risk management framework is future challenges risk. This risk derives from issues affecting the ability to develop new capabilities and new operational concepts needed to dissuade or defeat mid- to long-term military challenges. In light of the dynamic changes in the security environment, a premium has been placed on the need to manage future challenges risk.

During the past year, the Department has accepted the need to place greater priority on investments to meet future challenges. The mismatch between present U.S. forces and the requirements of responding to the potential capabilities of future adversaries is becoming ever more apparent. The attacks of September 11 only underlined this trend. While many elements of the existing force will continue to contribute to U.S. capabilities, there is acceptance of the need to develop new, leading-edge capabilities.

As described in Section D, the Department is moving forward on three fronts to manage future challenges risk. The first front is transformation, which is at the heart of the new defense strategy. Chapter 6 describes the Department's approach to transforming the force. The new strategy identifies the operational goals that give strategic focus to transformation programs. It requires the Military Departments and Defense Agencies to submit roadmaps for their efforts to contribute toward the achievement of those goals. It also foresees a process of experimentation with new capabilities and transformational operational concepts. This process will be overseen by the new Office of Force Transformation, which reports to the Secretary of Defense and the Deputy Secretary of Defense.

The second front, which is covered in Chapter 7, involves the redesign of the U.S. strategic forces. While current forces were appropriate to address the Cold War threat, they are inadequate to meet future challenges. For example, many leaders of rogue states and terrorist organizations are intent on acquiring weapons of mass destruction. Unlike the leaders of the Soviet Union, these new leaders are subject to few if any institutional restraints

that might preclude the use of these powerful weapons. To respond to this new challenge, the United States needs a New Triad, one that combines conventional and nuclear weapons and offensive and defensive systems in ways that enhance the credibility of the U.S. deterrent, reassure allies, and conform to American values. To meet the future challenges of strategic deterrence and strategic strike, the United States must invest in the transformation of its strategic systems.

The third front of the Department's efforts to manage future challenges risk is focused on space, information, and intelligence. U.S. capabilities in these areas contribute to all of the major operational goals identified in the new strategy. Because of their crosscutting contributions to transformation, these areas merit separate, sustained attention. The Department's initiatives in space, information, and intelligence are presented in Chapter 8.

Together, the Department's initiatives along these three fronts constitute a concerted effort to manage future challenges risk. The investments made under the FY 2003 budget represent a down payment to overcome the failure to invest in future challenges during the past decade. More certainly needs to be done. Yet, over time, external limitations on resources might not be as important an obstacle to meeting future challenges as self-imposed limitations on new thinking and risk taking. Thus, as we invest in new technologies and capabilities, we must also labor to change the ethos of the Department, without which the reality of transformation will never be realized.